

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Thailand

Grain and Feed Update

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Report Highlights:

TH4047 MY2014/15 rice and corn production remained unchanged from the previous forecast. MY2013/14 Corn exports are revised up to 1 million metric tons. The military government that just seized power is seeking loans to expedite the overdue payments under the MY2013/14 Main-Crop Rice Paddy Pledging Program.

Post:
Bangkok

Commodities:
Corn

Rice, Milled

Wheat

Executive Summary:

Post revises its Marketing Year (MY) 2013/14 corn export forecast to 1 million metric tons due to strong demand from China and the Philippines. Meanwhile, MY2014/15 rice and corn production forecast remains unchanged from the previous forecast due to dry conditions at the beginning of the rainy season. The Military Government that seized power May 22 calling itself the National Council for Peace and Order (NCPO) is seeking loans to expedite the overdue payments of approximately 90 billion baht (\$2.8 billion) under the MY2013/14 Main-Crop Rice Paddy Pledging Program. This would allow NCPO to reduce rice sales to boost current very low domestic prices but NCPO's intent still is not clear. Post's forecast of wheat and pluses remain unchanged.

Author Defined:

1. MY2014/15 Main-Crop corn slow to plant in dry conditions

The rainy season began in May. The Thai Meteorological Department (TMD) reported below normal average precipitation in May 2014. Precipitation is likely to be 7-15 percent below normal average precipitation in major rice and corn growing areas in the North, Northeastern, and Central Plains (Figure 1 and 2). Also, TMD expects precipitation in June 2014 to be approximately 10 percent below the normal average. Corn farmers in some areas reportedly delayed their cultivation due to current rain deficiency. Also, some of them shifted to cassava crop. Post's forecast for the MY2014/15 rice and corn production remains unchanged from the previous estimates that expect a reduction in rice and corn production by 2 to 3 percent from the previous year.

Figure 1: Precipitation in May 2014 (1-21)

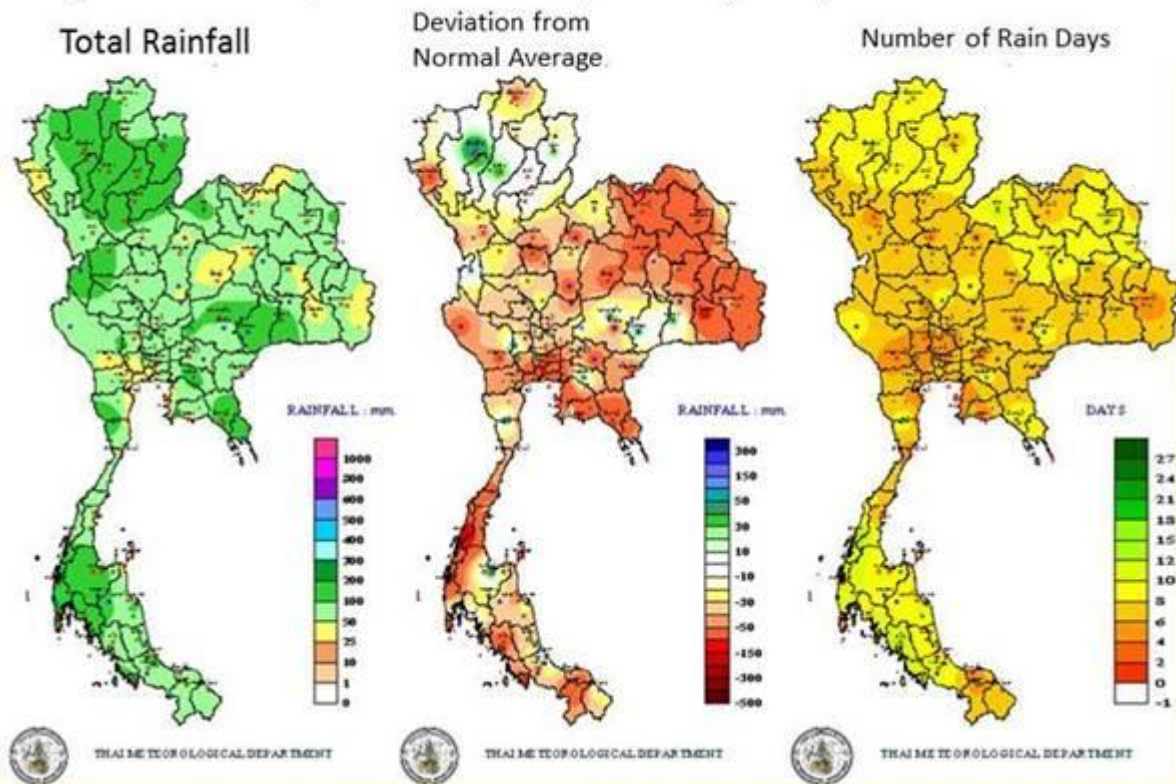
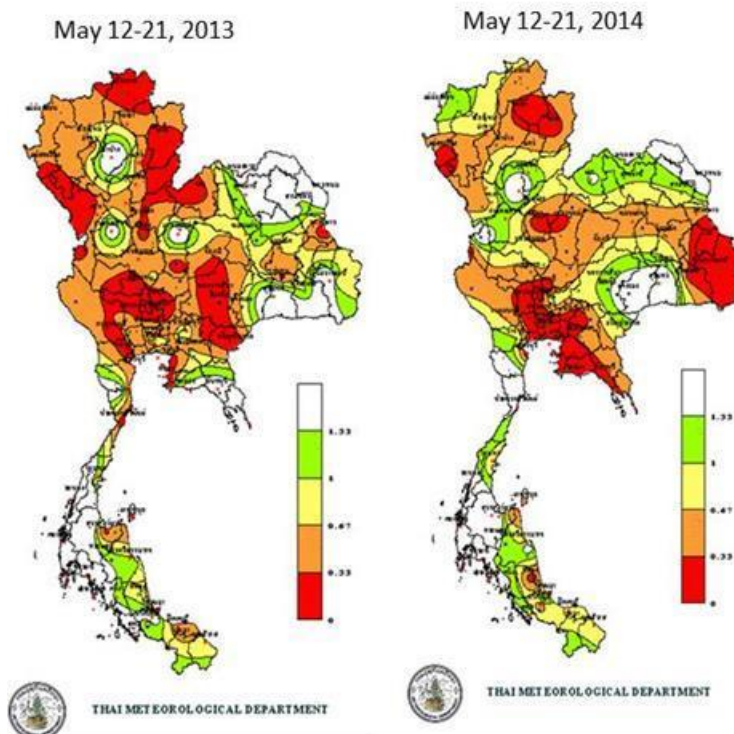
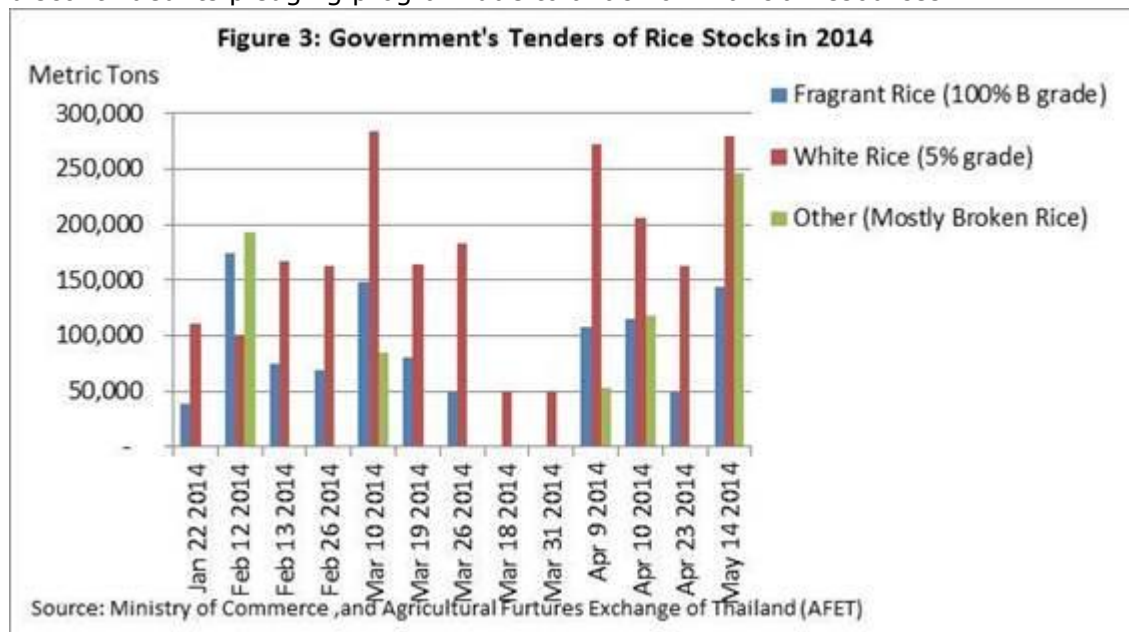


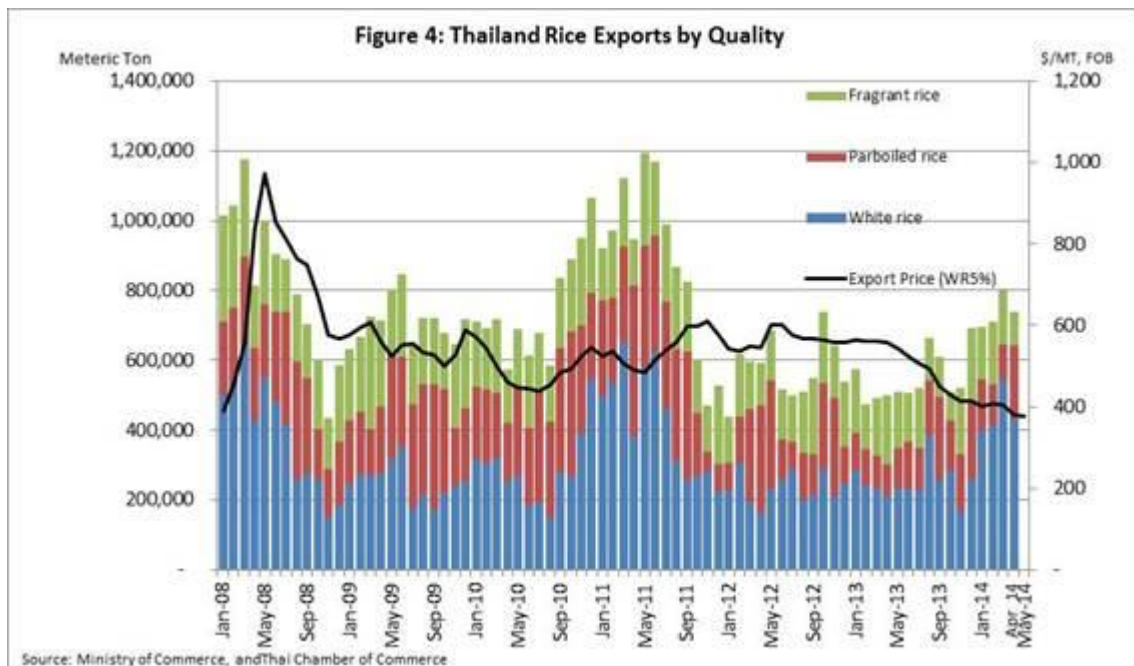
Figure 2: Moisture Available Index



2. Rice exports on track driven by the sales of government rice stocks and the suspension of pledging program

The government has issued public tenders of approximately 4 million metric tons since January 2014. The tenders consisted of 2.2 million metric tons of 5% grade white rice, 1.1 million metric tons of fragrant rice, and around 0.7 million metric tons of broken rice (Figure 3). In the recent tender in May 2014, the bids were reportedly below the market price by 24-33 percent for 5% grade white rice and 16 percent for fragrant rice. According to the Thai Custom Department, total rice exports from January 1 – April 30, 2014 totaled 2.9 million metric tons, up 48 percent from the same period last year, mainly due to the surge in white and parboiled rice exports (Figure 4). Exports of white rice doubled to approximately 1 million metric tons as Thai rice prices are more competitive with Vietnamese and Indian rice due to the sales of government rice stocks. Average export prices of 5% grade white rice declined significantly to \$395/MT, down 29 percent from \$558/MT in the same period last year. Also, exports of parboiled rice increased to 0.6 million metric tons, up 45 percent from the same period last year due to an increase in exportable supplies of MY2013/14 Off-Season rice paddy for parboiled rice production as the government discontinued its pledging program due to a lack of financial resources.





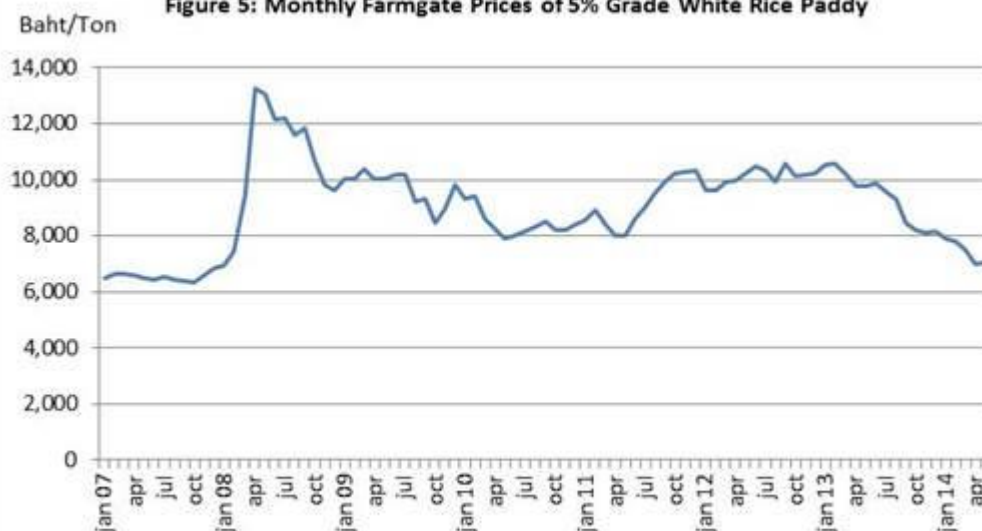
3. MY2013/14 Corn exports revised up to 1 million metric tons

MY2013/14 corn exports are revised up to 1 million metric tons due to competitive prices for Thai corn. According to the Board of Trade of Thailand, corn exports totaled 970,938 metric tons during July 2013 – April 2014, up significantly from 7,307 metric tons in the same period last year. Most corn exports were exported to China and the Philippines. Meanwhile, MY2014/15 corn exports are likely to be marginal in anticipation of tighter domestic supplies.

4. Sales of rice stocks may slow down after the coup

Current rice stocks are around 15 million metric tons, of which 3-4 million metric tons are broken rice. After the military coup on May 22, 2014 the new Military Government calling itself the National Council for Peace and Order (NCPO) announced it will seek loans for the Bank for Agriculture and Agricultural Cooperatives (BAAC) to expedite the overdue payments to farmers under the MY2013/14 Main-Crop Rice Paddy Pledging Program. Presently, around 0.8 million farmers remain unpaid totaling approximately 90 billion baht (\$2.8 billion). Around 40 billion baht (\$1.3 billion) of the loans will be from the BAAC and the balance will be from other financial institutions. The NCPO announced that all farmers will be paid by the end of June 2014. The NCPO will inspect the government rice stocks nationwide before further decision on the sales of its rice stocks. The aggressive sales of rice stocks over the past four months to finance the MY2013/14 Main-Crop Rice Paddy Pledging Program caused a sharp reduction in farm-gate price of rice paddy. Presently, farm-gate prices of white rice paddy (15% moisture content) are at 6,000 – 7,000 baht per metric ton (\$188-219/MT – Figure 5).

Figure 5: Monthly Farmgate Prices of 5% Grade White Rice Paddy



Source: Office of Agricultural Economics

Appendix Tables

Table 1: Thailand's Rice Production, Supply and Demand

Table 1.1 Rice Supply and Demand

Rice, Milled Thailand	2012/2013			2013/2014			2014/2015			
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	10,837	10,837	10,837	10,900	10,920	10,920	10,900	10,900	10,900	(1000 HA)
Beginning Stocks	9,330	9,330	9,330	12,808	12,808	12,808	13,808	13,768	13,768	(1000 MT)
Milled Production	20,200	20,200	20,200	20,500	20,460	20,460	20,500	20,130	20,130	(1000 MT)
Rough Production	30,606	30,606	30,606	31,061	31,000	31,000	31,061	30,500	30,500	(1000 MT)
Milling Rate (%999)	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	(1000 MT)
MT Imports	600	600	600	300	300	300	300	300	300	(1000 MT)
TY Imports	600	600	600	300	300	300	300	300	300	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	30,130	30,130	30,130	33,608	33,568	33,568	34,608	34,198	34,198	(1000 MT)
MT Exports	6,722	6,722	6,722	9,000	9,000	9,000	10,000	10,000	10,000	(1000 MT)
TY Exports	6,722	6,722	6,722	9,000	9,000	9,000	10,000	10,000	10,000	(1000 MT)
Consumption and Residual	10,600	10,600	10,600	10,800	10,800	10,800	10,900	10,900	10,900	(1000 MT)
Ending Stocks	12,808	12,808	12,808	13,808	13,768	13,768	13,708	13,298	13,298	(1000 MT)
Total Distribution	30,130	30,130	30,130	33,608	33,568	33,568	34,608	34,198	34,198	(1000 MT)
Yield (Rough)	3	3	2.9242	3	3	2.9388	3	3	2.7982	(MT/HA)

Table 1.2: Thailand's Paddy Area, Production, and Yield

	2012/13			2013/14 (May 2014)			2014/15 (May 2014)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9,288	2,160	11,448	9,288	2,100	11,388	9,288	2,100	11,388
Harvest	8,737	2,100	10,837	8,920	2,000	10,920	8,900	2,000	10,900
Production (million ton)									
Rough	21,471	9,135	30,606	22,400	8,600	31,000	22,000	8,500	30,500
Rice	14,171	6,029	20,200	14,784	5,676	20,460	14,520	5,610	20,130
Yield (ton/hectare)	2.457	4.350	2.924	2.511	4.300	2.839	2.472	4.250	2.798

Source: FAS Estimate

Table 2: Thailand's Corn Production, Supply and Demand										
Com Thailand	2012/2013			2013/2014			2014/2015			
	Market Year Begin: Jul 2012			Market Year Begin: Jul 2013			Market Year Begin: Jul 2014			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	1,080	1,080	1,080	1,120	1,120	1,120	1,100	1,100	1,100	(1 000 HA)
Beginning Stocks	515	515	515	643	643	643	193	203	143	(1000 MT)
Production	4,600	4,600	4,600	4,900	4,900	4,900	4,900	4,750	4,750	(1000 MT)
MY Imports	400	400	400	600	600	600	600	600	600	(1000 MT)
TY Imports	400	400	400	600	600	600	600	600	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	5,515	5,515	5,515	6,143	6,143	6,143	5,893	5,553	5,493	(1000 MT)
MY Exports	72	72	72	950	940	1,000	100	100	60	(1000 MT)
TY Exports	114	115	115	950	940	1,000	100	100	60	(1000 MT)
Feed and Residual	4,700	4,700	4,700	4,900	4,900	4,900	5,200	5,200	5,200	(1000 MT)
RSI Consumption	100	100	100	100	100	100	100	100	100	(1000 MT)
Total Consumption	4,800	4,800	4,800	5,000	5,000	5,000	5,300	5,300	5,300	(1000 MT)
Ending Stocks	643	643	643	193	203	143	293	153	133	(1000 MT)
Total Distribution	5,515	5,515	5,515	6,143	6,143	6,143	5,893	5,553	5,493	(1000 MT)
Yield	4	4	4.2593	4	4	4.375	4	4	4.3182	(MT/HA)

End of report